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Bay Area Air Quality Management District  
Metropolitan Transportation Commission

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## Joint Policy Committee/Regional Planning Program

Date: January 10, 2006

To: Joint Policy Committee

From: Regional Planning Program Director

Subject: *FOCUS* Incentives: Legislation and Regional Transportation Plan

This memo details two emergent sources of funds to assist in the implementation of *FOCUS* priority development objectives. There are heavy competing demands on both sources and neither is assured. Securing an opportunity to direct a portion of potential fund expenditures will require the very active consideration and involvement of the JPC and its member agencies.

### State Bond Monies

As the Committee is aware, at the November General Election, the voters approved a number of state bond propositions. Included within these propositions are accounts which could be used to support the kind of smart growth (i.e., infill and transit-oriented development) that the Bay Area has been seeking through the *FOCUS* program. This table details the most likely sources of state incentive funds.

Source	Account	State	Region (est.)
Prop 1C	Regional Planning, Housing and Infill Incentives	\$850M	\$141.4M
Prop 1C	Transit-oriented Development	\$300M	NA
Prop 1C	Housing-related Parks	\$200M	\$33.3M
Prop 84	Urban Greening	\$90M	\$15.0M
Prop 84	Urban Forestry	\$20M	\$3.3M
Prop 84	Local and Regional Parks	\$400M	\$66.5M
Prop 84	Planning Grants and Loans	\$90M	\$15.0M
	<b>TOTAL</b>	<b>\$1950M</b>	<b>\$274.5M</b>

The fourth column is a hypothetical estimate of the Bay Area's possible share based on a combination of existing population and projected growth. What we actually get could be much less or much more depending on legislation and the allocation methods actually used by the state. All but the \$300 million transit-oriented development account are fully or partially subject to trailer bills to come before the Legislature this session. At this point it is not assured that the region

will have any say at all in how these monies are allocated or spent. Transit-oriented development monies are subject to an existing legislated program administered by the Department of Housing and Community Development.

Legislative advocacy will be required to ensure that the Bay Area's interests are represented in the trailer bills. To guide that advocacy, staff has prepared a set of principles for the Committee's consideration and endorsement:

### **Making the Most of Limited Dollars**

#### **Principles for Distributing Proposition 1C and Proposition 84 Incentives**

##### **1. Create an integrated program**

Propositions 1C and 84 establish a number of accounts to support sustainable communities, transit-oriented development, and infill housing. These are closely related, mutually supportive concepts, and they should be treated as such. The accounts should be administered jointly through a single integrated program to maximize synergy.

##### **2. Respect priorities established by regions**

California is a state of regions. All of the largest regions have undertaken major regional planning efforts. These efforts, characterized by the State as "regional blueprints," share a common direction: all emphasize compact, infill development aimed at supporting and revitalizing existing communities, maximizing transportation efficiency, and conserving land resources. There are also sometimes subtle, but nonetheless important, differences among regions and among regional plans. There should be a clear and direct connection between the priorities established by these significant regional planning exercises and the distribution of state incentives.

##### **3. Reward inclusive and collaborative planning**

All the "regional blueprint" plans have been developed through inclusive and collaborative planning processes involving communities and stakeholders. The best local plans are also produced through participatory processes that give all affected parties ownership of the results. The development which the state is encouraging through incentives is more likely to happen and to be embraced as a positive outcome if it is planned through processes that are genuinely collaborative and inclusive of all relevant interests.

##### **4. Make big differences**

In total, Propositions 1C and 84 provide nearly \$2 billion in incentives. This can make a big difference or almost no difference at all, depending on how it is distributed. If it is spread too evenly and too thinly it will result in change only at the margins. The money needs to be strategically packaged and distributed so as to assist significant plans and projects achieve their tipping points. We need to aim for noticeable successes.

##### **5. Set examples**

Noticeable successes should be replicable. With limited funds, it will not be possible to support all good projects. Incentives should be directed first at potential trendsetters. State funds can help to reduce the impediments and risks for those first out of gate, but may not be as necessary for those who are able to learn from these early successes. To the extent possible, funds should

be distributed to maximize learning potential for subsequent plans and projects for which incentives may be more limited.

## **6. Achieve real results**

Projects and plans should be evaluated on the basis of short-term, on-the-ground results, such as actual infill housing units added to existing communities. Theoretical concepts, like vehicle miles traveled (VMT), do not provide sufficient accountability, as they are not directly observable and can only be assessed through assumption-laden mathematical models, which may or may not be accurate.

## Regional Transportation Plan

The region, including the JPC, will soon begin the process of preparing the 2009 Regional Transportation Plan (RTP). Proposition 1-C and Proposition 84 infill incentives are enumerated in millions of dollars; expenditures in the RTP are enumerated in billions.

Over the last couple of RTPs, the region has initiated the idea of using transportation funds to provide incentives for smart, transportation-efficient development: first with the TLC and HIP programs and more recently with the Resolution 3434 Transit-Oriented Development Policy.

The impending RTP and the infusion of some new funds from federal, state and regional sources provide an opportunity to assess whether additional monies can be directed to encourage and support region-serving development, noting that some local jurisdictions have indicated that their support of more intense housing is contingent on securing additional transportation capital to service that development. The climate-change imperative may also have a larger future role to play in where transportation dollars go.

The TOD policy has established the precedent of employing transportation expansion capital to encourage complementary and supportive development. At least two policy issues require the JPC's consideration as we begin the next RTP: (1) to what extent can the region's transportation expansion plans be even more closely linked to its development objectives; (2) is it appropriate to begin linking a portion of the plan's maintenance expenditures (approximately 80 percent of plan dollars) to the achievement of smart-growth and housing priorities as well. Consideration of these questions is consistent with the JPC's desire to take a more proactive role in the development of regional policy.

## Recommendations

### **I RECOMMEND:**

- A. THAT the JPC endorse the "Principles for Distributing Proposition 1C and 84 Incentives" as the basis for legislative advocacy relative to impending trailer bills;
- B. THAT as part of the forthcoming preparation of the 2009 Regional Transportation Plan, the JPC begin an active consideration of directing additional transportation money to support regional development priorities.